



BINARY CAPITAL

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CORPORATE BONDS

Building Tomorrow's Economy Today



INTRODUCTION

Briefly introducing ourselves

Binary Capital is a Bond House, dealing in Primary and Secondary Bonds Market, underwrite bonds for Banks, High Networth Individuals [HNI], Mutual Fund Houses, Insurance Companies and various other Financial Institution [FI's] keeping in mind the risk factors and regulatory compliance



GLIMPSE ON OUR JOURNEY



70+

Organisations worked with

115+

Successful transactions executed

6

Subject matter experts professionals

2

Directors – Captains sailing the ship

FEATURES OF CORPORATE BONDS

Corporate bonds are debt instruments issued by companies to raise funds from investors. They offer a balanced mix of steady income and moderate risk, making them a preferred choice for both individual and institutional investors.

1. Types of Corporate Bonds
2. Fixed Interest (Coupon) & Yield
3. Maturity Period (Redemption)
4. Credit Ratings
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6. Risk & Return Profile
7. Taxation
8. Secured vs. Unsecured Bonds
9. Diversification Benefits
10. Regulatory Oversight



Type of Corporate Bonds

In India, companies issue different types of bonds such as

- **Convertible Bonds** which can be converted into the equity shares of the issuing company
- **Non-Convertible Debentures (NCDs)** cannot be converted into equity securities, but provide fixed interest till the maturity/call date.
- **Perpetual Bonds** (no fixed maturity date, but has a Call date, on which the issuer recalls the bonds and repays the Face Value along with the interest)
- **Zero-Coupon Bonds** (issued at a discount, no periodic interest)
- **Callable and Puttable Bonds**
 - Callable bonds have a call date, where the issuer recalls the bonds
 - Puttable bonds have a put date, wherein the investor (bond holder) has an option to surrender the bond(s) back to the issuer and get the face value
- **Tax-Free Bonds** are the bonds that are issued by Indian Government-Backed Companies (entities) wherein the interest income received from these bonds, are not taxed under Section 10(15)(iv)(h)

Maturity Period (Redemption)

Each corporate bond has a specific maturity date, which can range from 1 year to 10 years or more.

On maturity, the principal amount (face value) is repaid to the bondholder, ensuring capital return at the end of the term, along with the interest till the date of maturity.

Fixed Interest (Coupon) & Yield

Corporate bonds pay a fixed interest rate (called the coupon) to investors at regular intervals. They have a pre-decided interest payment frequency, usually Monthly, Quarterly, Semi-Annually or Annually, depending on the Issuer and the Bond Issued by the Issuer.

Yield is the actual return an investor earns based on the bond's current market price, which changes as prices fluctuate

Credit Ratings

Corporate bonds in India are rated by agencies like CRISIL, ICRA, CARE, ACUITE, INDIA RATINGS, INFOMERICS.

They assign credit ratings to bond issues, helping investors assess the credit risk associated with the issuer.



Listed & Tradable

Most of the corporate bonds are listed on stock exchanges such as NSE and/or BSE, allowing the investors to liquidate them before maturity. This adds liquidity and flexibility, enabling investors to manage their portfolios efficiently.

Risk & Return Profile

Generally, Corporate Bonds offer higher returns than Government Securities (G-Sec), compensating for the credit risk associated with private issuers. The risk level depends on the issuer's financial health (refer to the Rating Rationale) and market conditions.

Taxation

The interest received is subject to TDS under section 193.

Interest income from corporate bonds is taxable as per the investor's income tax slab.

If sold before maturity, capital gains tax may apply (short-term or long-term), depending on the holding period and the purchase price.

Secured vs. Unsecured

Secured bonds are backed by the Company's Assets / Collaterals / Corporate Guarantee / Promoters Guarantee / Future Receivables, etc, offering additional protection.

Unsecured bonds (debentures) rely solely on the issuer's creditworthiness, carrying slightly higher risk.

Diversification Benefits

Including corporate bonds in a portfolio helps diversify investment risk, balance volatility from equity investments, staying ahead of inflation in comparison to traditional deposits which offer 7% or less interest.

They serve as a stable component in long-term financial planning.



INDIAN CLEARING CORPORATION LIMITED (ICCL)

wholly-owned subsidiary of BSE Limited

Key Functions

Clearing & Settlement

Ensures smooth and timely settlement of trades across debt instruments, depending on T+0 / T+1.

Counterparty

Becomes the buyer to every seller and seller to every buyer - ensuring trade completion even if a party defaults.

ICCL Bank Account

Bank Name: Reserve Bank of India (RBI)
Account No.: 8715962
IFSC Code: ICLL0000001
Account Type: Current
(RTGS Settlement Account)
Branch: Fort, Mumbai

Risk Management

Ensures the exchange of Funds & Securities to the respective clients. In case either client defaults, the security/funds are refunded back to the client on the same day.

Compliance

Comply with SEBI regulations

SETTLEMENT PROCESS

- ★ Client shares the KYC (Individual / HUF / Corporate) with Binary Capital
- ★ Binary Capital & Client finalises a security the Client intends to purchase
- ★ Binary Capital reports the trade on Indian Clearing Corporation Limited (ICCL)
- ★ Client transfers the funds to the RBI bank Account of ICCL
- ★ Binary Capital transfers the Bonds to ICCL
- ★ Once the Clients' Funds & Binary Capitals' Bonds are received on ICCL, ICCL will map the Funds & Bonds to the reported trade
- ★ Once the mapping is done, the trade gets settled
 - Bonds transferred to the Clients' Demat Account
 - Funds transferred to Binary Capitals' Bank Account



Note:

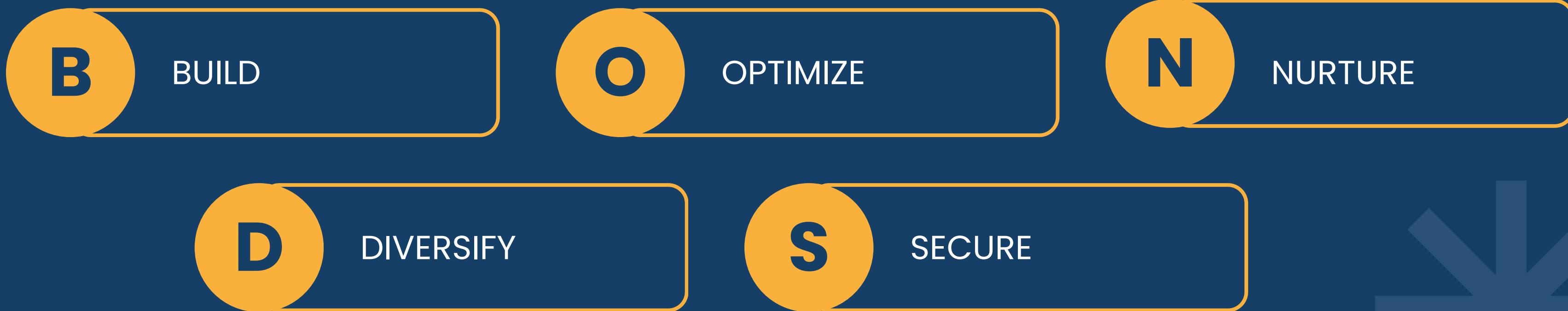
After the Trade is reported

- Once the Client has transferred the Funds to ICCL and if Binary Capital defaults in sending the Bonds to ICCL, then ICCL will refund the Clients funds back to the Client on the same day
- Once Binary Capital has transferred the Bonds to ICCL and if the Client defaults in sending the funds to ICCL, then ICCL will refund the Bonds back to Binary Capital on the same day

REGULATORY OVERSIGHT

Corporate bond issuance and trading in India are regulated by SEBI (Securities and Exchange Board of India).

The **Corporate Bond market in India** operates under a strong regulatory framework of SEBI to ensure **transparency, investor protection, and market integrity**. Several key authorities and regulations govern how these bonds are issued, traded, and managed.



COMPARISON IN DIFFERENT ASSET CLASSES

Investment Type	Risk Level	Return Potential	Liquidity	Tax Efficiency	Suitable For
FD	Low	Low	Moderate	Moderate	Safety-focused Investors
Mutual Funds	Moderate	Moderate-High	High	Moderate	Balanced Investors
Equity	High	High	Very High	High (Long-Term)	Growth-oriented investors
Corporate Bonds	Low-Moderate	Moderate	Moderate	Moderate	Income+Safety-focused Investors
SIP	Moderate	Moderate-High	High	Moderate	Long-term disciplined investors

CONCLUSION

Invest Smart

Diversification of investments is the key to maximize the returns.



Return-Centric

Get higher returns in comparison to the traditional Fixed Deposits



Planning

Plan your investments based on Coupon, Interest-payment frequency, Ratings, Tenure, Investment Quantum (Amount)

*Thank
You*

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